

Monitoring Board Meeting

(Minutes of Private Meeting)

Date: 13 June, 2014

Venue: Madrid

Note: Minutes of private meeting, summarizing the discussion held.

Monitoring Board Meeting on 13 June, 2014

On 13 June, 2014, the International Financial Reporting Standards (IFRS) Foundation Monitoring Board had its private meeting. The Monitoring Board discussed a range of topics, including the Foundation's governance and accountability and Michel Prada, Chair of the IFRS Foundation Trustees, participated in some parts of the meeting.

The participants of the private meeting included Mary Jo White (U.S. Securities and Exchange Commission), Ugo Bassi (European Commission), Masamichi Kono (Financial Services Agency, Japan), Leonardo Porciúncula Gomes Pereira (the Comissão de Valores Mobiliários (CVM) of Brazil), Hyun Cheol LEE (Financial Service Commission (FSC), Republic of Korea), Greg Medcraft (Representative of the IOSCO Board) and Bert Chanetsa (Representative of the IOSCO Growth and Emerging Markets Committee). Xavier-Yves Zanota (Representative of the Basel Committee on Banking Supervision) participated in the meeting as an observer.

It was the first meeting for the CVM of Brazil and the FSC of Korea as new members of the Monitoring Board.

1. Selection of new Monitoring Board members

- Report on extended screening

Following the recommendations of the "*Final Report on the Review of the IFRS Foundation's Governance*" (February 2012) (hereinafter referred to as "the Governance Review") and an agreement on its procedure for its membership selection, the Monitoring Board discussed the future procedure for evaluating applications received for the remaining two permanent seats, which the Monitoring Board had previously agreed would be subject to extended screening. The Monitoring Board agreed to review and consider the additional information recently provided by an applicant during this year.

- Report on consultation with IOSCO for two rotating seats

The Chair of the Monitoring Board made a report on progress in the nomination process for appointment of the two rotating seats in consultation with IOSCO. The Monitoring Board members took note of this update.

2. Assessment of the existing Monitoring Board members

In accordance with "the Governance Review", the first periodic review, conducted for those existing members as of end-2013, has been completed.

The Monitoring Board concluded that none of the existing members were found non-compliant with the agreed membership criteria. The next periodic review will commence in 2016.

With regard to the periodic review for rotating members (i.e., members representing IOSCO and members who will be selected in consultation with IOSCO), the Monitoring Board discussed how the eligibility of continued Monitoring Board membership could be assessed. General sense of Monitoring Board members was not to apply the same assessment process as for permanent members but it was agreed to continue the discussion on the detailed assessment requirements.

3. Funding of the IFRS Foundation

The Chair of the Monitoring Board made a report on communications with several jurisdictions in relation to financial contributions to the IFRS Foundation. The Monitoring Board shared common understandings of current national situations with respect to providing continuous support to ensure adequate financial resources.

4. Governance and Compliance Developments of the IFRS Foundation Governance issues

Michel Prada, the Chair of the IFRS Foundation Trustees, gave an overview of the IFRS Foundation internal control and governance arrangements related to the issue of UK Companies House filings and the remedial actions taken on it. The Chair also reported that the IFRS Foundation had commenced “the operational expenditure review” in June.

The Monitoring Board took note of the developments and shared a common understanding of their support for the efforts made by the Foundation.

The Monitoring Board was interested in the nature of and timeline of the upcoming review of the IFRS Foundation’s structure, as required under its Constitution.. The Chair responded that the Trustees had already started thinking about the review and will commence preparatory work on themes for the review in the second half of this year. These matters could range from aspects of the Foundation’s legal organization to operating matters such as the number of members of the IASB.

Mr. Prada undertook to produce an explanation of its legal establishment and organization structure in the context of this review, which will begin as soon as possible.

5. Other Business

The Chair of the IFRS Foundation Trustees also provided an update on recent communications with G20 members and related parties. The Monitoring Board reaffirmed its

support for the continued development of IFRS as a high-quality set of global accounting standards.

In addition, the European Commission raised the issue of long-term investors and accounting. The European Commission proposed that the Monitoring Board refer the matter to the IFRS Foundation for consideration under paragraph 7(vii) of the Memorandum of Understanding. However, the majority of the Monitoring Board members did not support this proposal, observing that this referral could jeopardize the independence of the IFRS Foundation. One member also observed that it was inconsistent with the transparency of issuer financial reporting.

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